

2. The matter of the creation of INMARSAT through two documents, an Inter-governmental Agreement, and an Operating Agreement to be signed by the designated entities, is very closely related to the first issue; if a party does not accept the position that private entities can be designated to fulfill certain functions; then there is no need for two agreements. With the first issue settled in principle by the USSR, the second automatically falls into line. There are a number of problems in this area which also remain to be negotiated, including those under the designated entity category, although the Soviets have indicated that they would accept the two agreement concept.
3. The question of the relative powers of the INMARSAT Assembly and Council, including voting rights of the member governments, has not received the same degree of attention as the first two issues. The Soviets appear to accept the manner in which the US and West Europeans have functioned with

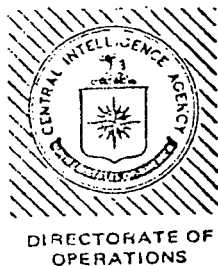
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DOMESTIC COLLECTION DIVISION

Intelligence Information Report

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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COUNTRY USSR/International

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SUBJECT Role of Designated Entities in INMARSAT/
Creation through Two Documents/
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1. The Soviets present at the August meeting of the Intersecessional Working Group of the International Maritime Consultative Organization indicated that they could accept the concept of permitting member governments of INMARSAT to designate an entity, possibly non-governmental, to assume operational, financial, and managerial responsibilities of the individual country's involvement in INMARSAT. There still are some matters which require clarification; it no longer is a matter of trying to obtain agreement in principle, but one of working out remaining practical problems. The major practical problem is one of defining the responsibilities of member governments and their designated entities in such areas as earth station operation, taxes, and liabilities. Even the West European drafts tended to treat these matters in a governmental context, so the Soviets appear also to share a similarity of views with countries other than the US. It is expected that these outstanding practical issues will be addressed in September and in October 1975.

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respect to the Assembly and Council arrangement. They have not, however, accepted that aspect of the relative functioning of the Assembly and Council relating to the responsibilities for safety. The Soviets feel that the draft language tends to put safety services in a secondary category to public correspondence services. They cited the hypothetical case in which all of the channels within the satellite might be utilized at a particular time for public correspondence services, thus prohibiting the completion of a distress message. The response was that the International Telecommunications Union regulations require that safety considerations be given first priority. The Soviets felt that this was not a sufficiently strong response from the US and Western Europe. It may be that the difficulty is more in the complex nature of the articles as formulated rather than an issue of principle. The Soviet delegates also appeared to be operating under very strict instructions which did not allow them to respond rapidly to changes as they arose, and the language will have to be accepted once the delegation returns to Moscow with the draft.

4. The Less Developed Countries (LDC's) for the first time began to make the weight of their numbers felt. They tried to put more of the authority of the organization in the Assembly, which is constituted on a one member one vote basis, rather than in the Council. The Soviet position on this issue was not clearly defined, although they did not appear to respond to the initiatives of the LDC's. The Soviets would like to see an upper limit placed on the voting percentage of any one country in the Council; the figure of 20 per cent appears to be the upper limit under consideration.
5. The Soviets appear to be willing to go either way on the issue of adoption of a procurement policy encouraging worldwide competition for goods and services. A compromise was achieved between the West Europeans, who are in favor of a forced distribution approach, and the US, which favors an open competition approach, which did not satisfy either. The LDC's appeared to favor the US approach. They are not in a position to market equipment for the system, and are anxious to purchase the best for the least amount of money.

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